

UNCLAS SECTION 01 OF 02 HO CHI MINH CITY 000635

SIPDIS

State pass to USTR for Bryan
USDOC for 3132/OIO/EAP/Kelleher
USDOC also for 1431/MAC/AP/HPPho
USDOC also for ITA/IA/5120/4230/2130

¶E. O. 12958: N/A

TAGS: [ETRD](#) [EFIS](#) [EAGR](#) [ECON](#) [VM](#) [BTA](#)
SUBJECT: VIETNAM'S CATFISH FARMERS PETITION CONSULATE GENERAL,
DEPT OF COMMERCE AND ITC FOR RELIEF

Introduction and Summary

¶1. On July 9, three fish farmers representing the Fisheries Association of An Giang, the province in the Mekong Delta where most of Vietnam's tra and basa fish are raised and processed, met with CG and Econoff at the Consulate General. Indicating they represent about 40,000 farmers and family members involved in fish farming, they delivered a petition signed by more than 200 fish farmers protesting the anti-dumping margins set by the U.S. Department of Commerce on frozen basa and tra fillets and asked that the margins be reconsidered or delayed. The petition itself was addressed to the Chairman of the ITC, the Secretary of Commerce, and the U.S. Consul General. Hard copies of the petition and signatures will be forwarded to the ITC and the Department of Commerce.

¶2. The petitioners were represented by three fish farmers, all of relatively modest means. Although large fish raising operations do exist in the Delta, most fish farmers work on houseboats that sit atop large fish cages floating in the Mekong River. Farmers typically live in these boats with their families. Two of the farmers who presented the petition owned one cage each, and one farmer, who spoke a bit of English, owned four cages. All of the men were extremely polite, and made their points energetically, but with courtesy.

June 17 Final Determination Brings Hard Times

¶3. The fish farmers stated they were representing about 40,000 farmers and family members who have been affected by the anti-dumping margins. They stated that although they believed Vietnamese fish processors would still continue to make money, the brunt of the anti-dumping measures had fallen squarely on the shoulders of the fish farmers. They pointed out that since the June 17 final determination had been issued, fish prices had fallen from about 10,000 -12,000 VND (65 -77 US cents) per kilo to about 8,500 VND (55 cents) per kilo currently. They had been higher earlier in the year. To break even, the farmers estimated they had to clear about 10,000 VND per kilo. The men were very concerned that they would be unable to sell their current fish stocks without incurring substantial losses. Even as prices remained low, they noted, they still had to feed the fish. They were also worried the fish were growing larger than the size preferred by the processors, which would further depress the price.

¶4. When asked if they would be able to convert to raising other varieties of fish, they said that they would try to start raising roughy or tilapia, but they still had to unload their current stocks of tra and basa fish, which would push them into (further) debt..

We Can't Afford to Be "Dumping"

¶5. The fish farmers also argued that they had not been "dumping" their product on the U.S. market. Although prices had fluctuated even before the anti-dumping case, the farmers could not afford to go without profits. They pointed out that many fish farmers had to borrow against the value of their boats to secure funding and that they did not have enough capital to sustain losses. Thus their current problem of disposing of their current stocks of tra and basa was extremely troubling. They also pointed out that they buy their fish food and sell their fish at market prices - not at prices set or guided by any government authority. Prices were low relative to the U.S., they noted, because of An Giang's natural environment, which is conducive to raising fish, low labor costs, and the fact that much of the labor was from family hands.

¶6. The three fish farmers asked the CG to pass along their views and for the USG to lower the margin rates or at least delay their imposition until current stocks could be sold.

"You Mean We Came All This Way for Nothing?"

¶7. CG Yamauchi thanked the farmers for their visit and assured them that she would pass along their views. CG and Econoff then briefly outlined the process of an anti-dumping investigation and determinations. The CG noted the process was quasi-judicial and

allowed for public comment. Anti-dumping cases are allowed under the Bilateral Trade Agreement and the U.S. mechanism is in line with WTO guidelines. During the anti-dumping case, both the GVN and the Vietnamese industry had availed themselves of the opportunity to supply additional information and comment. If Vietnam were a WTO member, she noted, Vietnam would have the right to take the decision to the WTO. She also noted that by law the U.S. Consulate had no role in the investigation or in the determination. Econoff also clarified that at this point in the process, the margins had been already set and that the ITC decision, coming at the end of this month, is based on a determination of whether the U.S. catfish industry is actually suffering or facing the threat of material injury. The ITC could not revise the margin rate, nor do they have the authority to delay imposition of the margins. The farmers seemed surprised to learn this, and one of the farmers stated: "So you mean that after coming here we have to go back to An Giang with nothing?"

18. Comment: It is difficult not to feel sympathetic toward these fish farmers, who went to considerable effort to travel the 6 hours by car from An Giang Province to Ho Chi Minh City to state their case. Each has been farming for at least 10 years, one for more than 20 years. Their dark tans and calloused hands testify to their hard work. They have earned a reasonable living, and by rural Vietnamese standards are relatively well-off. Just the same, however, most of their assets are tied up in the boats they live on and the fish inside the floating cages underneath. In at least the short term they will face substantial losses. In time, according to these farmers, it is likely many farmers will be able to switch to other varieties of fish. If enough do so, and demand for tra and basa continue to expand in non-US markets, prices will once again rise. The farmers' biggest worry now is whether or not they can sell their stocks without losing so much money that they go out of business before they even get a second chance at raising different fish.

YAMAUCHI